

## Message Text

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PAGE 01 RANGOO 00625 120358Z

21

ACTION EB-07

INFO OCT-01 EA-06 NEA-09 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 EUR-12 /107 W

----- 003060

R 120250Z MAR 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 9266

INFO AMEMBASSY BANGKOK

AMEMBASSY DACCA

AMEMBASSY NEW DELHI

AMEMBASSY SINGAPORE

AMEMBASSY TOKYO

CINCPAC HI

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E.O. 11652: N/A

TAGS: ENRG EAL BM

SUBJ: PETROLEUM DEVELOPMENTS

REF: (A) RANGOON 105 NOTAL; (B) EAL; (C) CINCPAC L/J23 DTG

262314Z FEB 75

1. SUMMARY: IN OFF-SHORE DEVELOPMENTS, THE JAPANESE AND MORE RECENTLY THE EUROPEAN CONSORTIA HAVE ALREADY SPUDDED WELLS. JAPANESE HAVE REACHED DEPTH OF OVER 7,000 FEET WITH NO POSITIVE RESULTS TO DATE. RIGS FOR TWO US FIRMS WILL BEGIN DRILLING BY END OF MARCH, AND SUPPORT FACILITIES NOW BEING COMPLETED. IN ON-SHORE PRODUCTION, GUB CONTINUES TO MAINTAIN LETPANDO FIELD WILL EVENTUALLY PRODUCE 10,000 - 20,000 BPD AND NEW TEST DRILLING UNDER WAY 14 MILES FROM LETPANDO. GUB APPARENTLY STILL SEEKING FINANCING FOR LIMITED OFFICIAL USE

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PAGE 02 RANGOO 00625 120358Z

LETPANDO/CHAUH PIPELINE. PLANS FOR INCREASING RECOVERY AT CHAUH

FIELD MAY BE STALLED. END SUMMARY.

2. OFFSHORE EXPLORATION - IT NOW APPEARS THAT ALL FOUR FOREIGN COMPANIES OR CONSORTIA WILL HAVE SPUDDED THEIR FIRST TEST WELLS BY THE END OF MARCH AND ALL WILL BE USING US DRILLING CONTRACTORS. THE JAPANESE GROUP, OF COURSE, BEGAN DRILLING IN LATE JANUARY OFF THE ARAKAN COAST USING THE READING AND BATES DRILLSHIP "E.W. THORNTON", US REGISTRY, EXPATRIATE CREW OF ABOUT 40. AS OF MARCH 7, IT HAD REACHED A DEPTH OF 7,000 FEET WHERE, ACCORDING TO AN OIL COMPANY SOURCE, IT "HAD ENCOUNTERED DIFFICULTIES". THE DRILL IS REPORTED TO HAVE STRUCK DENSE SHALE WHICH EVIDENTLY IS NOT A GOOD SIGN FOR THE PRESENCE OF PETROLEUM. NO SIGNIFICANT QUANTITY OF HYDROCARBONS HAVE BEEN FOUND TO DATE. THE WELL IS INTENDED TO REACH 12,000 FEET; IT IS HOPED THAT THIS WILL BE REACHED BEFORE THE RIG MUST DEPART FOR OVERHAUL AND INSPECTION IN EARLY APRIL. THE JAPANESE WILL THEN BE IN THE MARKET FOR ANOTHER RIG.

3. THE EUROPEAN CONSORTIUM SPUDDED IT'S FIRST WELL THE WEEKEND OF MARCH 8-9, AGAIN OFF ARAKAN. THEY ARE USING THE JACK UP RIG "ROWAN ANCHORAGE" OF THE ROWAN INTERNATIONAL CO. (US) WITH AN EXPATRIATE CREW OF ABOUT 35. REGISTRATION UNKNOWN. THE GROUP HAD BEEN ADVISED NOT TO DRILL AT THIS TIME IN A BLOCK TO WHICH IT HAS RIGHTS THAT APPROACHES THE DISPUTED BANGLADESH/BURMA OFFSHORE BOUNDARY (THE EUROPEANS HAD NOT INTENDED TO START TEST DRILLING THERE FOR THE MOMENT). LIKE THE JAPANESE, THE EUROPEANS HAVE THE USE OF THE RIG ONLY FOR A FEW MONTHS.

4. OF THE TWO AMERICAN FIRMS, CITIES SERVICE APPEARS TO BE SLIGHTLY AT LEAD. ITS BRAND NEW JACK UP RIG HAS DEPARTED SINGAPORE AND SHOULD ARRIVE OFF ITS INITIAL TEST POINT IN THE ANDAMAN SEA BY THE THIRD WEEK OF MARCH. IT IS USING A THREE LEG JACK UP RIG, "TRANSWORLD 63" OWNED BY THE TRANSWORLD DRILLING CO. (US) WITH EXPATRIATE CREW OF ABOUT 35. IT IS PRESUMABLY OF SINGAPORE REGISTRY. EXXON'S RIG IS COMPLETING A TEST WELL OFF MALAYSIA AND SHOULD BE ON SITE ABOUT 100 MILES WEST OF TAVOY BY THE END OF MARCH. THIS IS A FLOATING SELF-PROPELLED RIG, THE "DISCOVERER III", OWNED BY OFFSHORE DRILLING SERVICES LTD. (US), PANAMANIAN REGISTRY WITH EXPATRIATE CREW OF 52. EXXON IS COMPLETING ITS SUPPORT BASE IN TAVOY FROM WHICH RIG CREWS WILL BE HELICOPTERED TO THE RIG. UBA, HAVING GOTTEN INCREASED AIR LIABILITY INSURANCE LIMITED OFFICIAL USE

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PAGE 03 RANGOO 00625 120358Z

FROM LLOYDS, WILL FERRY OIL CREWS FROM RANGOON TO BOTH TAVOY AND AKYAB FOR THREE OF THE FOUR FIRMS (CITIES SERVICE WILL OPERATE DIRECTLY TO ITS RIG FROM RANGOON.)

5. THE FOREIGN OIL COMMUNITY IN RANGOON IS SLOWLY GROWING. EXXON, FOR INSTANCE, WILL HAVE NINE RESIDENT FAMILIES HERE BY THE END OF MARCH, ABOUT 5-6 OF WHICH WILL BE AMERICAN. THE COMPANIES CONTINUE TO ENCOUNTER LOGISTICS AND BUREAUCRATIC PROBLEMS IN INITIATING

THEIR OPERATIONS. ONE SOURCE SPECULATES THAT THE ALREADY SLOW DECISION-MAKING PROCESS IN MYANMA OIL CORPORATION WILL BE BROUGHT TO A VIRTUAL HALT UNTIL A REPLACEMENT IS NAMED FOR RECENTLY DEPARTED MINISTER OF MINES NYI NYI.

6. ONSHORE PRODUCTION - GUB SOURCES CONTINUE TO HOLD THAT THE NEW LETPANDO FIELD WILL PRODUCE 10,000 TO 20,000 BPD, MAKING BURMA SELF-SUFFICIENT IN PETROLEUM WITH SOME EXPORTABLE SURPLUS. THEY ADMIT, HOWEVER, THEIR ESTIMATE IS BASED ONLY ON THE FINDINGS OF THE TWO INITIAL TEST WELLS AND THAT A THIRD TEST WELL HAS YET TO BE UNDERTAKEN. THE GUB, IS DRILLING A NEW TEST WELL SOME 14 MILES NORTH OF LETPANDO ALTHOUGH OIL SOURCES BELIEVE THIS IS IN A DIFFERENT GEOLOGICAL STRUCTURE THAN LETPANDO.

7. THE SEARCH EVIDENTLY GOES ON FOR FINANCING FOR THE LETPANDO-CHAUK PIPELINE. HAVING BEEN TURNED DOWN BY THE JAPANESE, EXXON AND THE ADB, THE GOVERNMENT MAY NOW BE SOUNDING OUT THE FRG OR THE WORLD BANK. PLANS TO INCREASE RECOVERY FROM THE EXISTING CHAUK FIELD MAY HAVE BEEN STALLED AND CONTRACTS WITH FOREIGN FIRMS FOR PUMPING EQUIPMENT (REFTEL A) HAVE YET TO BE SIGNED.  
OSBORN

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## Message Attributes

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